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GATES: CIA IN A 'CATCH-22' WITH CONTRAS

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WASHINGTON (UPI) — The CIA, prohibited from aiding the Nicaraguan rebels but criticized for not knowing how they got their money, was in a "Catch-22 situation," director-nominee Robert Gates told a Senate panel in secret testimony released Tuesday.<

The agency was barred by law from providing military support to the Contras fighting to overthrow the Nicaraguan government, but was also criticized for not knowing about the possible diversion of profits from the sale of arms to Iran to the rebels, Gates told the Senate Intelligence Committee.<

"We basically were caught, it seems to me, in a 'Catch-22' situation," Gates said, referring to the absurdities described in Joseph Heller's novel of World War II.<

"We had the law telling us to stay the hell away from everything having to do with the Contras and Contra funding and everything else associated with the Contras," Gates told the committee Dec. 4 in a closed session.<

"And yet, now we are being held accountable for not knowing how they funded it," he said.<

His testimony was released during the first day of his confirmation hearing as director of the intelligence agency.<

No apparent conflicts arose between his open testimony on Tuesday and his statements made last year.<

Committee members were skeptical in December about the CIA's lack of knowledge about the Iran-Contra cash connection and they reiterated that skepticism Tuesday.<

But Gates maintained that since Congress had barred the CIA from virtually any involvement with the Contras at the time of the reported diversion, it was highly unlikely the agency would have detailed knowledge of how the rebels received financial support.<

Gates denied the CIA was involved in the diversion or had substantial advance knowledge of the scheme, largely blamed on fired National Security Council aide Lt. Col. Oliver North.<

"When it came to funding of the Contras, agency people, and I would say here from the director (William Casey) on down, actively shunned information," Gates said in his closed testimony.<

"We didn't want to know how the Contras were being funded, in part, because we were concerned it would get us involved in crossing the line imposed by the law," he said. "And so we actively discouraged people from telling us things."<

Gates was serving as deputy director at the time of his closed testimony and Reagan has since nominated him to succeed Casey, who resigned this month. Casey had surgery in December for a malignant brain tumor.<

Congress had banned military aid to the Contras in 1984, in part because of the CIA's covert role in supporting the rebels. The agency had been heavily criticized for helping mine Nicaragua's harbors and preparing a manual on political assassinations.<